

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
HOUSE BILL NO. 139

February 3, 2015

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST ANAERGIA INC.

House Bill No. 139 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Anaergia Inc. with the development of facilities for renewable non-fossil fuel production on Maui pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department would like to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of SPRB issuance will require further discussion and satisfactory credit underwriting review of the financing components with respect to any proposed financing.

Thank you for the opportunity to provide testimony on this measure.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, February 3, 2015 – 8:30 a.m. – Room 325

UluPono Initiative Strongly Supports HB 139, Relating to the Issuance of Special Purpose Revenue Bonds to Assist Anaergia Inc.

Dear Chair Lee, Vice Chair Lowen, and Members of the Committee:

My name is Murray Clay and I am managing partner of the UluPono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. UluPono invests in projects that have the potential to create large-scale, innovative change.

UluPono strongly supports HB 139, which authorizes the issuance of special purpose revenue bonds to assist Anaergia Inc. UluPono's waste mission is to minimize the amount of waste going into the landfill. Maui has an urgent need for a waste solution, as ~36% of the waste currently is going to the landfill. Meanwhile, relative to the neighbor islands, O'ahu has the greatest percentage of waste diversion - ~74% - from the landfill due to more sorting and processing facilities, including the City and County of Honolulu's H-POWER waste to energy plant. After being processed by H-POWER, waste volume into the landfill can be reduced by 90% while subsequently creating electricity that can power O'ahu's homes. Yet, there is no waste to energy plants on the neighbor islands. Anaergia's project can help change that.

Anaergia's materials recovery facility and anaerobic digestion process will make a significant impact in extending the life of the landfill and contribute to the renewable energy mix of Hawai'i. This project was selected by the County of Maui as the best overall technology package to meet its needs in a competitive request for proposal. The special purpose revenue bond will help lower the overall cost of the project and make waste management more affordable for all members of the Maui community.

In addition, landfill space is limited in island communities. Therefore, projects such Anaergia's proposed material recover facility will reduce the need for future landfill space on Maui. Siting for future landfills can be difficult as the residents in nearby communities often oppose their development.

Therefore, we believe the Committee should find that this project is in the public interest and support the special purpose revenue bond.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

Investing in a Sustainable Hawai'i

Email: communications@uluono.com

MEMORANDUM

TO: HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
REP. CHRIS LEE, CHAIR
REP. NICOLE LOWEN, VICE CHAIR

FROM: KARL BOSSERT, DIRECTOR OF BUSINESS DEVELOPMENT - PACIFIC

SUBJECT: HB139 RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE
BONDS TO ASSIST ANAERGIA INC.

POSITION: SUPPORT

DATE: FEBRUARY 3, 2015

Anaergia Services, LLC (Anaergia) would like to thank Chair Lee, Vice Chair Lowen, and the House of Representatives Committee on Energy and Environmental Projection as a whole, for taking the time to discuss HB139.

This bill relates to the potential issuance of Special Purpose Revenue Bonds to assist Anaergia in the development of renewable fuels and/or energy projects on Maui. The bonds will be sold to private investors and will not be backed by the State of Hawaii or the County of Maui.

Anaergia is a worldwide expert in resource recovery, most notably through anaerobic digestion. The company has a 20 year track record and proven technology with a number of in-house patents and hundreds of projects to date. Because of Hawaii's physical isolation and high cost of energy, Anaergia feels Hawaii is an excellent candidate for anaerobic digestion, and is currently engaged in developing two projects on Maui using this technology.

Maui Resource Recovery Facility

The first project is called the Maui Resource Recovery Facility (MRRF). Under a 20 year contract from the County of Maui, the facility will take municipal waste, currently going into the Maui County landfill, and significantly increase the recovery of recyclable materials from that waste. We believe that Anaergia's efforts will not negatively affect any recyclers currently in operation, and in fact may allow for expanded opportunities for these firms.

The remaining materials will be processed to create renewable natural biogas, through anaerobic digestion. The renewable biogas can be used for power generation, household and commercial (heating/cooling) and transportation. Only about 15% of the

incoming municipal waste is expected end up in the landfill at the end of the process, lengthening the life of the landfill.

Anaergia's vision for this project is to set the benchmark for how municipal waste is dealt with in Hawaii and the rest of the world. The future of waste management is to increase recyclable recovery, produce renewable fuels from the balance, and reduce the amount of landfilled materials to the maximum extent possible. This will be accomplished while providing an opportunity for the County to save money in landfill operating costs and by deferring large capital investments for landfill expansions far into the future.

Maui Energy Park

The second project is called the Maui Energy Park (MEP). This project is located in West Maui, where the plan is to grow an energy crop and process it into renewable natural biogas through anaerobic digestion. This project will revitalize up to 1,800 acres of high quality agricultural lands left fallow after the demise of sugar cane and pineapple in West Maui. MEP will use recycled water for the majority of its irrigation needs, allowing the nutrients in this water to be returned to the soil. The renewable natural biogas can be used for power generation, household and commercial (heating/cooling) and transportation.

Anaergia sees the MEP as a model approach for putting agricultural lands back into productive use across the state. The anaerobic digestion process is an efficient way to make renewable biogas with energy recovery several times higher than other processes.

Both projects provide a number of environmental and socio-economic benefits to the state, county and residents of the state of Hawaii. These include reduced materials going in the landfill, putting fallow Ag lands back into production, and creating renewable fuels which will provide energy cost stability and security for the state. These projects will create hundreds of short-term construction and long-term farming and operational jobs, thereby keeping millions of dollars a year in the State's economy.

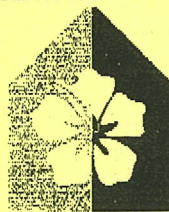
Anaergia is seeking up to \$90 million in special purpose revenue bonds to support these two projects. These bonds will provide low-cost financing to offset the high cost of shipping materials and constructing these facilities in Maui. Anaergia has a long-term vision for Hawaii and believes that these projects can be duplicated on other islands to benefit the environment, the economy and Hawaii's residents. Subsequent projects will enjoy learning curves and possible economies of scale, making those projects less reliant on special purpose revenue bonds in the future.

The following page shows a summary of environmental as well as socio-economic benefits for both projects.

Anaergia would again like to thank the Committee for its time on this matter and stands ready to address any questions you may have during the hearing.

Environmental and Socio-Economic Benefits from Proposed Projects

Project Benefits	Project
Increase recyclable material recovery approximately ten-fold	MRRF
Increase landfill diversion from a current level 43% to >75%	MRRF
Increase municipal solid waste diversion from a current up to 85%, increase the life of the central Maui landfill	MRRF
Revitalize up to 1,800 acres of ag land, reducing soil erosion and dust problems	MEP
Help in the use of approximately 2.5 million gallons per day of recycled water in W. Maui	MEP
Create approximately 200 construction jobs	MRRF and MEP combined
Create approximately 60 permanent jobs	MRRF and MEP combined
Replace the equivalent of almost 3,000,000 of gasoline per year by creating renewable natural biogas	MRRF and MEP combined
Increase energy cost stability and security	MRRF and MEP combined
Preserve open space through reduced need to expand the landfill and by keeping ag land in production	MRRF and MEP combined
Provide over \$150 million of capital investment into the state	MRRF and MEP combined
Provide approximately \$12 million per year of ongoing expenditures in Maui	MRRF and MEP combined



**Hale
Mahaolu**
HOME OF PLEASANT LIVING

January 31, 2015

RECEIVED

2015 FEB -2 P 12:30

SERGEANT-AT-ARMS
HOUSE OF
REPRESENTATIVES

AKAHI
300 W. Wakea Ave.
Kahului, HI 96732
808-877-0544

ELUA
200 Hina Ave.
Kahului, HI 96732
808-872-4180

EKOLU
717 Makaanala Dr.
Wailuku, HI 96793
808-242-4377

EHA
1057 Makawao Ave.
Makawao, HI 96768
808-573-1647

ELIMA
11 Mahaolu St.
Kahului, HI 96732
808-893-0002

EONO
810 Kelawea St.
Lahaina, HI 96751
808-661-5957

EHIKU
56 Ehiu St.
Kihei, HI 96753
808-891-8588

HOME PUMEHANA
P.O. Box 100
Kaunakakai, HI 96748
808-553-5788

**HALE KUPUNA O
LANAI**
P.O. Box 630418
Lanai City, HI 96763
808-565-6615

LAHAINA SURF
1037 Wainee St.
Lahaina, HI 96761
808-661-3771

LOKENANI HALE
1889 Loke St.
Wailuku, HI 96793
808-243-9272

LUANA GARDENS
615 W. Papa Ave.
Kahului, HI 96732
808-871-9009

KOMOHANA HALE
120 Leoleo St.
Lahaina, HI 96761
808-661-5957

CHSP/MEALS PROGRAM
200 Hina Ave.
Kahului, HI 96732
808-872-4170

HOUSING DEVELOPMENT
200 Hina Ave.
Kahului, HI 96732
808-872-4100

**HOMEOWNERSHIP/
HOUSING COUNSELING**
200 Hina Ave.
Kahului, HI 96732
808-242-7027

**PERSONAL CARE/
HOMEMAKER/CHORE**
11 Mahaolu St., Ste. A
Kahului, HI 96732
808-873-0521

Representative Chris Lee, Chair

Representative Nicole Lowen, Vice Chair

COMMITTEE on ENERGY AND ENVIRONMENTAL PROTECTION

HEARING: Tuesday, February 3, 2015, Conference Room 325

RE: In Support of HB139, Relating to the Issuance of Special Purpose Revenue Bonds to Assist
Anaergia Inc.

To Chair Lee, Vice Chair Lowen, and Members of the Energy and Environmental Protection Committee:

I am writing in support of HB 139. I believe that Anaergia Services' efforts to generate renewable energy sources here in Hawai'i represents an important step forward for both our environment and our economy.

More specifically, I support their Waste-to-Energy Conversion Project which will result in the state-of-the-art Maui Resource Recovery Facility. In addition, their Maui Energy Park offers significant benefits by converting fallow West Maui agricultural land into energy crops and reducing or eliminating use of injection wells to produce renewable biofuel.

Anaergia's efforts create a sustainable win-win scenario for Maui's environment and economy. Project benefits will include:

- Enhancing the State's energy security and promoting cost stability;
- Providing over 10 megawatts of firm renewable power and/or renewable fuels;
- Reducing the carbon footprint on Maui;
- Extending the life of Central Maui's Landfill by increasing the current diversion rate by up to 100%;
- Increasing the amount of recycled materials;
- Placing into productive use approximately 1,800 acres of fallow agricultural lands;
- Using up to 3 million gallons of R-1 water otherwise disposed of through injection wells;
- Strengthening the economy through the creation of well-paying jobs.

Given the substantial environmental and economic benefits that Anaergia's projects will bring to Maui, I humbly ask that you support passage of HB 139 and Anaergia's efforts to secure Special Purpose Revenue bonds.

Sincerely,

Roy K. Katsuda
Roy K. Katsuda
Executive Director



February 2, 2015

Representative Chris Lee, Chair
Representative Nicole Lowen, Vice Chair
COMMITTEE on ENERGY AND ENVIRONMENTAL PROTECTION
HEARING: Tuesday, February 3, 2015, Conference Room 325

RE: In Support of HB139, Relating to the Issuance of Special Purpose Revenue Bonds to Assist Anaergia Inc.

Dear Chair Lee, Vice Chair Lowen, and Members of the Energy and Environmental Protection Committee:

I am in support of HB139 and encourage you to pass the bill for consideration by the full House. This bill will:

- Not cost taxpayers any money. All risk will be borne by private investors.
- Add to the State's renewable energy goals.
- Provide much needed energy generation in West Maui.
- Diversify Maui's economy with a new employer and new technologies.
- Diversify Maui's energy supply lessening our reliance on imported fossil fuels.
- Divert waste from the landfill extending the life of Maui's landfill.
- Support agriculture.
- Recycle R1 wastewater by using it on fuel crops.

The positive outcomes are many. Please support HB139.

Aloha,

A handwritten signature in black ink, appearing to read 'Anders Lyons', written in a cursive style.

Anders Lyons

EEPttestimony

From: Colleen Wallis <cee@hawaii.rr.com>
Sent: Monday, February 02, 2015 9:44 AM
To: EEPttestimony
Subject: Clean energy

Dear Representatives,

I strongly support any and all clean energy bills. Living in Hawaii where we have constant sunshine and fairly good weather, it seems foolish that we should have to pay for high energy bills.

Please pass the bill that will give us more clean energy.

Sincerely,

Colleen Miyose- Wallis

Kailua, Kona resident

January 30, 2015

Representative Chris Lee, Chair

Representative Nicole Lowen, Vice Chair

COMMITTEE on ENERGY AND ENVIRONMENTAL PROTECTION

HEARING: Tuesday, February 3, 2015, Conference Room 325

RE: **In Support** of HB139, Relating to the Issuance of Special Purpose Revenue Bonds to Assist Anaergia Inc.

To Chair Lee, Vice Chair Lowen, and Members of the Energy and Environmental Protection Committee:

I sincerely believe HB 139 represents a *win-win* for Maui County because passage of this Bill will allow Anaergia to play an important role in advancing both environmental and economic goals which will have a positive, sustainable impact on our daily lives. Positive outcomes derived from passage of HB 139 will include but not be limited to:

- ✓ Enhancing the State's energy security as well as promoting cost stability;
- ✓ Providing over 10 megawatts of firm renewable power and/or renewable fuels;
- ✓ Reducing the carbon footprint on Maui;
- ✓ Extending the life of Central Maui's Landfill by increasing the diversion rate up to 100%;
- ✓ Increasing the amount of recycled materials;
- ✓ Placing into productive use approximately 1,800 acres of fallow agricultural lands;
- ✓ Using up to 3 million gallons of R-1 water otherwise disposed of through injection wells;
- ✓ Strengthening the economy through the creation of well-paying green-tech jobs.

With that in mind, I sincerely hope that you will support passage of HB 139 because in so doing Maui *nei* will reap significant long-term environmental and economic benefits that will enhance the quality of life for our residents.

Humbly yours,

Samuel W. Millington

Samuel W. Millington

581 Komo Ohia

Wailuku, HI 96793

808-446-4690

sam.millington@shakadog.us

EEPttestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 7:08 PM
To: EEPtestimony
Cc: ellenfly@aol.com
Subject: Submitted testimony for HB139 on Feb 3, 2015 08:30AM

HB139

Submitted on: 2/1/2015

Testimony for EEP on Feb 3, 2015 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
erin randle	Individual	Support	No

Comments: Dear Rep. Chris Lee and Committee Members, We were residents of Maui for over 20 years. We now live on Oahu. The main reason we moved was the cost of living and lack of good paying jobs on Maui. One of my friends told me that there is a company that wants to invest \$150 million in Maui to make green energy. I fully support this type of thinking, not only for Maui, but all over the state. I did some research and found Anaergia's plan includes processing rubbish and growing energy crops. I knew a number of people who lost their jobs when Maui Pineapple Company went out of business. I also watched the West Maui hillsides turn brown over the years. Putting farmlands and farmers back to work should be a focus of state and local government. What a great opportunity to do that and reduce importing fossil fuels. Please vote yes on HB 139! Mahalo, Erin and Rush Randle

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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EEPttestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 6:35 PM
To: EEPtestimony
Cc: terry@mauioil.com
Subject: Submitted testimony for HB139 on Feb 3, 2015 08:30AM

HB139

Submitted on: 2/1/2015

Testimony for EEP on Feb 3, 2015 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
terry mcbarnet	Individual	Support	No

Comments: I support the issuance of a special purpose revenue bond to assist Anaegia Inc. in developing the central Maui facility to recycle more of the counties waste and to turn it into renewable non-fossil fuel. I feel this will have long term benefits for the residence of Maui in both the areas of energy production and better management of our waste.

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Aloha Committee Members,

I wanted to take this opportunity to offer my support for HB139. I became aware of Anaergia's efforts to process Maui's waste into renewable energy after reading last year that the NRDC supported the project. It seems to me that the project will provide an alternative source of power that will reduce the cost of living to Maui residents. I've watched the landfill in Pu'unene grow over the last 30 years and we need to find a better solution than burying our rubbish.

Also, Maui needs new forms of green-tech businesses to keep our economy strong. If this can be done while increasing renewable energy and reducing the money we send off-shore to buy fossil fuels then it works for me.

Mahalo for listening,

Sherry Llanes

EEPTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 31, 2015 12:18 PM
To: EEPTestimony
Cc: pluta@maui.net
Subject: Submitted testimony for HB139 on Feb 3, 2015 08:30AM

HB139

Submitted on: 1/31/2015

Testimony for EEP on Feb 3, 2015 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph D Pluta	Individual	Support	No

Comments: I am testifying is Strong Support of this Bill. Approving the Issuance of Special Purpose Revenue Bonds for Anaergia and their prudent plans for converting waste to energy has bonafide environmental benefits and Economic Benefits that are extraordinary and remarkable. This Bill sets the stage for millions of dollars in cost savings for the County of Maui and at the same time will generate millions of new sorely needed revenues for the State of Hawaii in GET and Income Taxes. Please Approve this Bill as it is surely in the best interest of the people of the State of Hawaii. Malama Pono ame Mahalo, Joseph D Pluta, President Emeritus, West Maui Taxpayers Association Inc., President West Maui Improvement Foundation Inc. and West Maui Resident 36 years.

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EEPttestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 02, 2015 3:25 PM
To: EEPtestimony
Cc: res1z0vb@hawaiiantel.net
Subject: *Submitted testimony for HB139 on Feb 3, 2015 08:30AM*

HB139

Submitted on: 2/2/2015

Testimony for EEP on Feb 3, 2015 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Dana G. Moss	Individual	Support	No

Comments:

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EEPttestimony

From: Janis Walholm <honokaajewelers@msn.com>
Sent: Monday, February 02, 2015 1:26 PM
To: EEPttestimony
Subject: We support solar energy

Count us in. What is the point of shipping oil to burn and pollute?

EEPttestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 02, 2015 6:46 PM
To: EEPtestimony
Cc: psgegen@hotmail.com
Subject: Submitted testimony for HB139 on Feb 3, 2015 08:30AM

LATE

HB139

Submitted on: 2/2/2015

Testimony for EEP on Feb 3, 2015 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
pat gegen	Zero Waste Kauai	Oppose	No

Comments: The proposed project on Maui is NOT Environmentally friendly. Instead of diverting as much material as possible from the waste stream into products and processes that could create jobs and a revenue stream for the state in a sustainable manner the Anergia project will facilitate the eventual thermal destruction of materials that could have a much longer life. Just the "threat" of this project has already thwarted progress on residential recycling on Maui and has required the ceasing of operations for one of Hawaii's most successful alternative fuel operations in the place their operation began. Maui can do better!

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